



UNITED STATES PATENT AND TRADEMARK OFFICE

UNITED STATES DEPARTMENT OF COMMERCE
United States Patent and Trademark Office
Address: COMMISSIONER FOR PATENTS
P.O. Box 1450
Alexandria, Virginia 22313-1450
www.uspto.gov

APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/733,482	12/11/2003	Marc Michael Groz	MMG-003U-1	7695

7590 04/08/2005

MARC M GROZ
Apt. S-1602
1450 Washington Blvd.
Stamford, CT 06902

EXAMINER

BADII, BEHRANG

ART UNIT	PAPER NUMBER
----------	--------------

3621

DATE MAILED: 04/08/2005

Please find below and/or attached an Office communication concerning this application or proceeding.

Office Action Summary

Application No.

10/733,482

Applicant(s)

GROZ, MARC MICHAEL

Examiner

Behrang Badii

Art Unit

3621

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If the period for reply specified above is less than thirty (30) days, a reply within the statutory minimum of thirty (30) days will be considered timely.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 19 September 2004.
- 2a) ☐ This action is FINAL. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-25 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-25 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☒ The drawing(s) filed on 11 December 2003 is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
2. ☐ Certified copies of the priority documents have been received in Application No. _____.
3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☐ Information Disclosure Statement(s) (PTO-1449 or PTO/SB/08)
Paper No(s)/Mail Date _____.
- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.
- 5) ☐ Notice of Informal Patent Application (PTO-152)
- 6) ☐ Other: _____.

DETAILED ACTION

Claims 1-25 have been examined.

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

Claims 1-25 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

The basis of this rejection is set forth in a two-prong test of:

- (1) whether the invention is within the technological arts; and
- (2) whether the invention produces a useful, concrete, and tangible result.

For a claimed invention to be statutory, the claimed invention must be within the technological arts. Mere ideas in the abstract (i.e., abstract idea, law of nature, natural phenomena) that do not apply, involve, use, or advance the technological arts fail to promote the "progress of science and the useful arts" (i.e., the physical sciences as opposed to social sciences, for example) and therefore are found to be non-statutory subject matter. For a process claim to pass muster, the recited process must somehow apply, involve, use, or advance the technological arts.

In the present case, claims 1-25 only recite abstract ideas. The recited steps of merely having a method/system of creating and using programmable financial instruments do not apply, involve, use, or advance the technological arts since all of the recited steps can be performed by use of shelves in a library, pencil and paper. These

Art Unit: 3621

steps only constitute an idea of a method/system of creating and using programmable financial instruments of classifying documents in general and not particularly in the technological arts.

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1-25 have rejected under 35 U.S.C. 102(e) as being anticipated by Kilgour et al., U.S. patent application publication 2003/0018563.

As per claims 1 and 24, Kilgour et al. discloses a method/system for creating and using programmable financial instruments (abstract; fig's 1&7), said method comprising:

selecting a program (abstract; fig's 1&7);

defining one or more financial instruments, the financial instruments having a plurality of characteristics(abstract; fig's 1&7) , the step of defining comprising:

selecting a type for each financial instrument, said type subject to modification by the program (abstract; fig's 1&7);

selecting a set of terms and conditions for each financial instrument, the terms and conditions subject to modification by the program (paragraphs 1 & 240; fig's. 1&7).

As per claim 2, Kilgour et al. discloses where said financial instrument's program modifies its state in response to its environment.

As per claim 3, Kilgour et al. discloses where said program seeks out counterparties for financial transactions (abstract; fig. 7).

As per claim 4, Kilgour et al. discloses where said counterparties comprise internet/web agents (paragraph 107).

As per claim 5, Kilgour et al. discloses where said counterparties comprise virtual devices (paragraph 162 & 337).

As per claim 6, Kilgour et al. discloses where said counterparties comprise physical devices (electronic devices) (paragraph 24 & 334).

As per claim 7, Kilgour et al. discloses where said transactions involve borrowing one or more financial instruments (paragraph 12).

As per claim 8, Kilgour et al. discloses where said transactions involve lending one or more financial instruments (paragraph 34).

As per claim 9, Kilgour et al. discloses where said transactions involve securitization of one or more financial instruments (paragraph 18 & 35).

As per claim 10, Kilgour et al. discloses where said securitization includes the creation of tranches of securities (paragraph 18 & 35).

As per claim 11, Kilgour et al. discloses where the financial instrument interacts with one or more financial trading systems external to said instrument (abstract; fig's. 7).

As per claim 12, Kilgour et al. discloses where one or more of said financial trading systems is used for simulation of trading strategies (abstract; fig 7).

As per claim 13, Kilgour et al. discloses where said simulation takes place in real time (paragraph 238).

As per claim 14, Kilgour et al. discloses where one or more of said financial trading systems is used for optimization of trading strategies (paragraphs 218&51&141&129).

As per claim 15, Kilgour et al. discloses where said optimization takes place in real time (paragraphs 238&218&129).

As per claim 16, Kilgour et al. discloses where one or more of said financial trading systems is used for risk management (abstract; paragraph 13).

As per claim 17, Kilgour et al. discloses where said risk management takes place in real time (paragraph 314&238).

As per claim 18, Kilgour et al. discloses where said financial instrument acts as a credit manager (abstract; paragraph 29).

As per claim 19, Kilgour et al. discloses where said credit manager establishes one or more escrow accounts for one or more borrowers (paragraph 124&148).

As per claim 20, Kilgour et al. discloses where said escrow accounts are allocated a programmatically determined portion of said borrowers' payments to said credit manager (paragraph 124&148&claim 18).

As per claim 21, Kilgour et al. discloses where said escrow accounts are used to establish a uniform rate of interest for all borrowers (paragraph 124&148&claim 18).

As per claim 22, Kilgour et al. discloses where said credit manager actively manages the funds in said escrow accounts (paragraph 124&148).

As per claim 23, Kilgour et al. discloses where said program is an internet/web agent (paragraphs 337&162).

As per claim 25, Kilgour et al. discloses wherein said method is facilitated by one or more computers (paragraphs 337&162).

Conclusion

The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Heffner et al. (U.S. patent application publication 2003/0018558) discloses a system, method and computer program product for online financial products trading.

Sanders et al. (U.S. patent application publication 2003/0158811) discloses a system and method for rules based electronic funds transaction processing.

Levine et al. (U.S. patent 6,233,566) discloses a system, method and computer program product for online financial products trading.

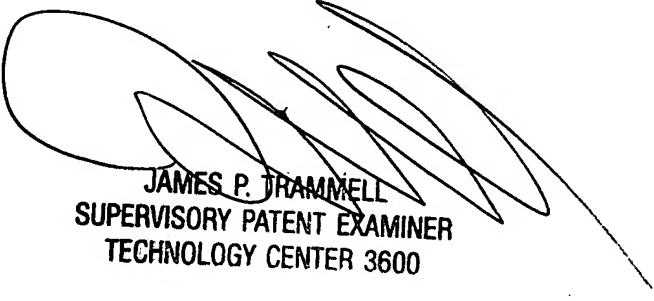
Any inquiry concerning this communication or earlier communications from the examiner should be directed to Behrang Badii whose telephone number is 703-305-0530. The examiner can normally be reached on Monday-Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Trammell can be reached on 703-305-9768. The fax phone number for the organization where this application or proceeding is assigned is 703-872-9306.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free).

Behrang Badii
Patent Examiner
Art Unit 3621

BB



JAMES P. TRAMMELL
SUPERVISORY PATENT EXAMINER
TECHNOLOGY CENTER 3600